

Company registration number SC099467 (Scotland)



Alexander Sloan
Accountants and Business Advisers

BANDRUM NURSING HOME LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022



BANDRUM NURSING HOME LIMITED

COMPANY INFORMATION

Directors	Rachel Payne Patricia Payne Marilyn Jeffcoat
Secretary	Marilyn Jeffcoat
Company number	SC099467
Registered office	Bandrum Nursing Home Saline by Dunfermline KY12 9HR
Auditor	Alexander Sloan Accountants & Business Advisers 1 Lochrin Square 92-98 Fountainbridge Edinburgh EH3 9QA
Bankers	Virgin Money 64 High Street Dunfermline KY12 7DF Royal Bank of Scotland 52 - 54 East Port Dunfermline KY12 7HB
Solicitors	MacRoberts LLP River Court 5 West Victoria Dock Road Dundee DD1 3JT

BANDRUM NURSING HOME LIMITED

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BANDRUM NURSING HOME LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present the strategic report for the year ended 31 August 2022.

Fair review of the business

During the past year the company has successfully continued to grow and develop whilst we continue to look for progressive ways of improving our residents' lives. The wellbeing and enrichment of our residents' lives continues to be a priority, whilst we look to enrich our services with increased technology by means of electronic care planning and interactive tables. We also continue to improve the environment and are near completion of the project to build 12 beautiful new rooms at Meadow View.

This year we were delighted to win the Care Home of the Year Award, Scotland at the Caring UK Awards, and be shortlisted for our Commitment to Staff Development and Training. We also received the Silver Award for Employer of the Year in the Fife Business Diversity Awards and had one of our Employees receive Employee of the Year at the same event. We were then Finalists in the Training and Development Award, Care of the Year, Emerging Talent Award and Specialist Unit at the Scottish Care Awards throughout the year.

The home continues to provide the very best of care to their residents and have been commended by both public health and care inspectorate for their professionalism and care throughout.

Brightside Community Cafe is now established and to be open to residents, relatives, staff and the public and is managed as part of our new Hotel Services Manager.

Principal risks and uncertainties

The board considers the major risks to be staffing and have already welcomed their first overseas staff to supplement the team and compliance with loan covenants attached to the bank loan facility. This is managed by careful management of the company's costs and monitored by the production of prompt monthly management accounts. We have also built up a tremendous working relationship with the partnership which is extremely beneficial to Bandrum.

Key performance indicators

The company produces detailed monthly accounts, but the critical measures are occupancy levels and staff costs. Senior management review, on a daily basis, the occupancy of each unit and the status of waiting lists.

On behalf of the board

Rachel Payne

.....
Rachel Payne
Director

13/12/2022

Date:

BANDRUM NURSING HOME LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their annual report and financial statements for the year ended 31 August 2022.

Principal activities

The principal activity of the company continued to be that of providing long term specialised care for the young physically disabled and elderly.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Rachel Payne
Patricia Payne
Marilyn Jeffcoat

Results and dividends

The results for the year are set out on page 7.

The directors have paid dividends amounting to £130,000 (2021: £58,000) during the year.

Auditor

The auditors Alexander Sloan are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Rachel Payne

.....
Rachel Payne

Managing Director

Date: 13/12/2022

BANDRUM NURSING HOME LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BANDRUM NURSING HOME LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BANDRUM NURSING HOME LIMITED

Opinion

We have audited the financial statements of Bandrum Nursing Home Limited (the 'company') for the year ended 31 August 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

BANDRUM NURSING HOME LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BANDRUM NURSING HOME LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our wider knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice) and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

BANDRUM NURSING HOME LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BANDRUM NURSING HOME LIMITED

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with the local authority, HMRC and the entity's legal advisors; and
- reviewed unadjusted errors for indications of fraud and information received for inconsistencies.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin G Booth

Kevin Booth (Senior Statutory Auditor)
For and on behalf of Alexander Sloan Accountants & Business
Advisers

13/12/2022
.....

Accountants & Business Advisers
Statutory Auditor

1 Lochrin Square
92-98 Fountainbridge
Edinburgh
EH3 9QA

BANDRUM NURSING HOME LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	2021 £
Turnover	3	5,325,759	5,302,946
Cost of sales		(3,531,007)	(3,500,153)
Gross profit		1,794,752	1,802,793
Administrative expenses		(1,278,670)	(1,316,480)
Other operating income		94,516	230,274
Operating profit	4	610,598	716,587
Interest receivable and similar income	7	603	590
Interest payable and similar expenses	8	(123,416)	(76,433)
Profit before taxation		487,785	640,744
Tax on profit	9	(136,579)	(194,826)
Profit for the financial year		351,206	445,918

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no other recognised sources of comprehensive income in the current or previous year.

The notes on pages 12 to 24 form an integral part of these financial statements.

BANDRUM NURSING HOME LIMITED

STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31 AUGUST 2022**

	2022	2021
	£	£
Profit for the year	351,206	445,918
Other comprehensive income	-	-
Total comprehensive income for the year	<u>351,206</u>	<u>445,918</u>

The notes on pages 12 to 24 form an integral part of these financial statements.

BANDRUM NURSING HOME LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11		6,287,912		5,281,549
Current assets					
Debtors	12	415,898		256,340	
Cash at bank and in hand		1,267,440		1,448,110	
		<u>1,683,338</u>		<u>1,704,450</u>	
Creditors: amounts falling due within one year	13	<u>(1,767,268)</u>		<u>(820,671)</u>	
Net current (liabilities)/assets			<u>(83,930)</u>		<u>883,779</u>
Total assets less current liabilities			6,203,982		6,165,328
Creditors: amounts falling due after more than one year	14		(2,753,036)		(2,871,410)
Provisions for liabilities	17		<u>(263,595)</u>		<u>(193,700)</u>
Net assets			<u>3,187,351</u>		<u>3,100,218</u>
Capital and reserves					
Called up share capital	19		18,000		19,700
Share premium account			47,000		47,000
Capital redemption reserve			12,000		10,300
Profit and loss reserves			<u>3,110,351</u>		<u>3,023,218</u>
Total equity			<u>3,187,351</u>		<u>3,100,218</u>

13/12/2022

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

Rachel Payne

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Rachel Payne
Director

Company Registration No. SC099467

The notes on pages 12 to 24 form an integral part of these financial statements.

BANDRUM NURSING HOME LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 September 2020		19,700	47,000	10,300	2,635,300	2,712,300
Year ended 31 August 2021:						
Profit and total comprehensive income for the year		-	-	-	445,918	445,918
Dividends	10	-	-	-	(58,000)	(58,000)
Balance at 31 August 2021		19,700	47,000	10,300	3,023,218	3,100,218
Year ended 31 August 2022:						
Profit and total comprehensive income for the year		-	-	-	351,206	351,206
Dividends	10	-	-	-	(130,000)	(130,000)
Redemption of shares	19	-	-	1,700	(134,073)	(132,373)
Reduction of shares	19	(1,700)	-	-	-	(1,700)
Balance at 31 August 2022		18,000	47,000	12,000	3,110,351	3,187,351

The notes on pages 12 to 24 form an integral part of these financial statements.

BANDRUM NURSING HOME LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	24	720,101		1,021,022	
Interest paid		(123,416)		(76,433)	
Income taxes paid		(154,045)		(145,513)	
Net cash inflow from operating activities		442,640		799,076	
Investing activities					
Purchase of tangible fixed assets		(1,258,656)		(365,640)	
Proceeds on disposal of tangible fixed assets		11,000		3,295	
Interest received		603		590	
Net cash used in investing activities		(1,247,053)		(361,755)	
Financing activities					
Redemption of shares		(134,073)		-	
Proceeds of new bank loans		1,009,993		3,000,000	
Repayment of bank loans		(108,677)		(2,940,080)	
Payment of finance leases obligations		(13,500)		(5,500)	
Dividends paid		(130,000)		(58,000)	
Net cash generated from/(used in) financing activities		623,743		(3,580)	
Net (decrease)/increase in cash and cash equivalents		(180,670)		433,741	
Cash and cash equivalents at beginning of year		1,448,110		1,014,369	
Cash and cash equivalents at end of year		1,267,440		1,448,110	

The notes on pages 12 to 24 form an integral part of these financial statements.

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Company information

Bandrum Nursing Home Limited is a private company limited by shares incorporated in Scotland. The registered office is Bandrum Nursing Home, Saline, by Dunfermline, KY12 9HR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the total invoice value of sales made during the year and is recognised when services are provided to the residents.

1.4 Tangible fixed assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Buildings	2% straight line
Plant and machinery	20% straight line
Fixtures, fittings and equipment	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Included within land and buildings is £200,000 (2021: £200,000) of land, which is not depreciated and £1,596,681 (2021: £405,988) of costs relating to a development which will not be depreciated until the development is complete.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Fair value measurement of financial instruments

The Company's debt instruments are measured at amortised cost using the effective interest rate method.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets obtained under hire purchase contracts are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charges. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Combined fees	5,325,759	5,302,946
Grants received	94,516	230,274

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(94,516)	(230,274)
Fees payable to the company's auditor for the audit of the company's financial statements	12,240	11,100
Depreciation of owned tangible fixed assets	241,043	242,025
Depreciation of tangible fixed assets held under finance leases	-	9,000
Loss on disposal of tangible fixed assets	250	-
Operating lease charges	43,210	43,150

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Care and domestic staff	139	139
Maintenance staff	7	5
Administration staff	6	6
Management staff	3	3
Total	155	153

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

5 Employees

(Continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	3,294,746	3,290,620
Social security costs	262,479	258,405
Pension costs	60,594	72,283
	<u>3,617,819</u>	<u>3,621,308</u>

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	175,362	194,732
Company pension contributions to defined contribution schemes	1,321	1,316
	<u>176,683</u>	<u>196,048</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021: 1).

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	38	39
Other interest income	565	551
	<u>603</u>	<u>590</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>38</u>	<u>39</u>
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8 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	122,288	75,511
Interest on finance leases and hire purchase contracts	1,128	922
	<u>123,416</u>	<u>76,433</u>

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	69,466	156,827
Adjustments in respect of prior periods	(2,782)	1,635
	<u>66,684</u>	<u>158,462</u>
Deferred tax		
Origination and reversal of timing differences	69,895	36,364
	<u>69,895</u>	<u>36,364</u>
Total tax charge	<u>136,579</u>	<u>194,826</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	487,785	640,744
	<u>487,785</u>	<u>640,744</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	92,679	121,741
Tax effect of expenses that are not deductible in determining taxable profit	4,666	539
Under/(over) provided in prior years	(2,781)	1,635
Deferred tax adjustments in respect of prior years	19,558	45,082
Tax increase from effect of capital allowances and depreciation	22,457	25,829
	<u>136,579</u>	<u>194,826</u>
Taxation charge for the year	<u>136,579</u>	<u>194,826</u>

10 Dividends

	2022 £	2021 £
Final paid	100,000	30,000
Interim paid	30,000	28,000
	<u>130,000</u>	<u>58,000</u>

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

11 Tangible fixed assets

	Buildings	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 September 2021	7,550,192	298,008	413,697	8,261,897
Additions	1,190,693	40,274	27,689	1,258,656
Disposals	-	(45,000)	-	(45,000)
At 31 August 2022	8,740,885	293,282	441,386	9,475,553
Depreciation and impairment				
At 1 September 2021	2,528,223	212,091	240,034	2,980,348
Depreciation charged in the year	138,884	35,613	66,546	241,043
Eliminated in respect of disposals	-	(33,750)	-	(33,750)
At 31 August 2022	2,667,107	213,954	306,580	3,187,641
Carrying amount				
At 31 August 2022	6,073,778	79,328	134,806	6,287,912
At 31 August 2021	5,021,969	85,917	173,663	5,281,549

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Plant and machinery	-	17,250

Land and buildings with a carrying amount of £6,073,778 (2021: £5,021,969) has been pledged as security for the Company's lender.

Included within land and buildings is £200,000 (2021: £200,000) of land, which is not depreciated and £1,596,681 (2021: £405,988) of costs relating to a development which will not be depreciated until the development is complete.

12 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	336,419	216,413
Other debtors	23,166	22,601
Prepayments and accrued income	56,313	17,326
	415,898	256,340

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

13 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	15	1,121,867	108,677
Obligations under finance leases	16	-	7,000
Trade creditors		342,494	281,449
Corporation tax		69,466	156,827
Other taxation and social security		73,593	74,299
Other creditors		129,606	73,423
Accruals and deferred income		30,242	118,996
		<u>1,767,268</u>	<u>820,671</u>

14 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	15	2,753,036	2,864,910
Obligations under finance leases	16	-	6,500
		<u>2,753,036</u>	<u>2,871,410</u>

15 Loans and overdrafts

	2022 £	2021 £
Bank loans and overdrafts	<u>3,874,903</u>	<u>2,973,587</u>
Payable within one year	1,121,867	108,677
Payable after one year	<u>2,753,036</u>	<u>2,864,910</u>

Bank borrowings are secured by a floating charge over the assets and undertakings of the company and by a standard security over Bandrum Nursing Home by Saline, Dunfermline, KY12 9HR.

Interest accrues on one loan at the rate which is 3.2% per annum over the Bank of England Base Rate with monthly repayments and a bullet repayment at expiry. The loan is due to expire in 2026.

Interest accrues on a business development facility at the rate which is 3.6% per annum over the Bank of England Base Rate. This facility is due to expire in May 2023 through repayment in full via a new Term Loan.

The loans are valued at £3,874,903 (2021: £2,973,587) in these financial statements.

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

16 Finance lease obligations

	2022	2021
	£	£
Future minimum lease payments due under finance leases:		
Within one year	-	7,000
In two to five years	-	6,500
	<u>-</u>	<u>13,500</u>

Finance leases are secured over the assets to which they relate.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022	Liabilities 2021
	£	£
Balances:		
Fixed asset timing difference	264,929	195,104
Short term timing differences	(1,334)	(1,404)
	<u>263,595</u>	<u>193,700</u>
Movements in the year:		2022
		£
Liability at 1 September 2021		193,700
Charge to profit or loss		69,895
Liability at 31 August 2022		<u>263,595</u>

18 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>60,594</u>	<u>72,283</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Allotted, called up and fully paid shares of £1 each	18,000	19,700	18,000	19,700

20 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	26,607	38,057
Between two and five years	48,721	52,420
Total operating lease commitment	75,328	90,477

21 Commitments

	2022 £	2021 £
Contracted for but not provided within the financial statements:		
Acquisition of tangible fixed assets	590,617	1,436,055

The company entered into an construction contract in the current period to further develop their existing property.

In 2014, the company entered into an agreement to buy the shares held by Purves Inc, for an aggregate consideration of £1,000,000 on a staged basis over a period of 8 years.

The purchase of each tranche of the shares is conditional on the company having sufficient distributable profits to fund the purchase of shares. In the event that the company does not have sufficient distributable profits, the company shall complete the purchase of shares on the first date upon which sufficient distributable profits are available.

This commitment has now been fulfilled during the year ended 31 August 2022 and no further payments are due.

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2022 £	2021 £
Aggregate compensation	358,817	383,244

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

22 Related party transactions

(Continued)

Dividends were paid to Patricia Payne of £99,097 (2021: £41,218), £2,589 to Purves Inc (2021: £5,005) and £28,314 to Rachel Payne (2021: £11,777).

Patricia Payne repaid the company £nil during the year (2021: £360) and received payments amounting to £46,194 (2021: £4,360). Dividends of £99,097 (2021: £41,218) were issued during the period. At the balance sheet date the amount owed to Patricia Payne was £89,762 (2021: £36,858).

Rachel Payne repaid the company £2,035 during the year (2021: £nil) and received payments amounting to £20,000 (2021: £6,060). Dividends of £28,314 (2021: £11,777) were issued during the period. At the balance sheet date the amount due to Rachel Payne was £22,222 (2021: £11,873).

At the balance sheet date Marilyn Jeffcoat owed £23,166 (2021: £22,601) to the company. Interest is charged annually on the anniversary of the loan at a rate of 2.5%. The loan is repayable on demand.

During the year, the company purchased 1,700 (2021: £nil) of its own shares from Purves Inc. for a consideration of £134,073 (2021: £nil). Purves Inc. is controlled by Robert Bease who resigned as a director of the company on 14 November 2013.

During the year Rachel Payne purchased a horsebox from Bandrum at an agreed price of £11,000.

23 Ultimate controlling party

The ultimate controlling party is Patricia Payne.

24 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	351,206	445,918
Adjustments for:		
Taxation charged	136,579	194,826
Finance costs	123,416	76,433
Investment income	(603)	(590)
Loss on disposal of tangible fixed assets	250	-
Depreciation and impairment of tangible fixed assets	241,043	251,025
Movements in working capital:		
(Increase)/decrease in debtors	(159,558)	24,600
Increase in creditors	27,768	28,810
Cash generated from operations	720,101	1,021,022

BANDRUM NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

25 Analysis of changes in net debt

	1 September 2021 £	Cash flows £	31 August 2022 £
Cash at bank and in hand	1,448,110	(180,670)	1,267,440
Borrowings excluding overdrafts	(2,973,587)	(901,316)	(3,874,903)
Obligations under finance leases	(13,500)	13,500	-
	<u>(1,538,977)</u>	<u>(1,068,486)</u>	<u>(2,607,463)</u>